

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6996**

**BILL NUMBER:** HB 1358

**NOTE PREPARED:** Feb 4, 2015

**BILL AMENDED:** Feb 3, 2015

**SUBJECT:** Garnishment of State Tax Refunds.

**FIRST AUTHOR:** Rep. Cox

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill provides that if a debt has been reduced to a judgment in Indiana and the judgment has not been satisfied, set aside, or discharged in bankruptcy, the judgment creditor may garnish a state tax refund otherwise due to the debtor. It specifies the procedures that the judgment creditor must follow in obtaining the garnishment from the Department of State Revenue (DOR). It allows a writ of garnishment to be electronically filed with the DOR.

**Effective Date:** July 1, 2015.

**Explanation of State Expenditures:** *Department of State Revenue (DOR):* The bill establishes a process for a judgment creditor to request a garnishment of a debtor's state tax refund. It also requires a judgment creditor to pay a \$8 processing fee for each writ served. The fee may offset a portion of the expense to provide this service. Any additional funds and resources required by the DOR could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

**Explanation of State Revenues:** The bill requires a judgement creditor to pay the DOR a processing fee of \$8 for each writ of garnishment served. The amount of fee revenue that may be received by judgement creditors is unknown. All fee revenue would be deposited in the state General Fund.

[Currently, the DOR may charge a claimant agency a collection fee not exceeding 15% of the amount of funds set off for their services.]

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Heath Holloway, 232-9867.